

**HARDIN COUNTY SCHOOL DISTRICT**

BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2022

**HARDIN COUNTY SCHOOL DISTRICT**

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Heartland CPAs and Advisors PLLC

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## INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Hardin County School District  
Elizabethtown, Kentucky

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hardin County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hardin County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hardin County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hardin County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, the District adopted Governmental Accounting Standards Board Statement 87, *Leases* and Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9, budgetary comparison information on pages 59 to 60, schedule of proportionate share of the net pension and OPEB liabilities on pages 61 to 65 and schedule of contributions on pages 66 to 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardin County School District's basic financial statements. The accompanying combining financial statements, school schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, on our consideration of Hardin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hardin County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardin County School District's internal control over financial reporting and compliance.



Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
September 15, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**HARDIN COUNTY SCHOOL DISTRICT - ELIZABETHTOWN, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

The discussion and analysis of Hardin County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- 1 The beginning General Fund fund balance was \$34.0 million. The ending fund balance was \$38.6 million.
- 2 The beginning Construction Fund fund balance was \$6.3 million. The ending fund balance was \$45.1 million. The major reason for the change in fund balance was due to unspent bond funds on the Central Hardin project.
- 3 The District adopted GASB 87 which required a restatement.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 10 - 11 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The fiduciary funds are agency funds for student education and private purpose trust funds. The proprietary funds are the food service, school age child care, early college and career center and educational television operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12 – 20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 58 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as an indicator of a government's financial position. In the case of the District, net position was \$57.0 million as of June 30, 2022. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition, disposal and depreciation of capital assets.

**Net Position for the period ending June 30, 2022 and 2021  
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 93,500,485	\$ 46,202,564	\$ 7,362,067	\$ 2,136,992	\$ 100,862,552	\$ 48,339,556
Capital Assets	<u>271,658,686</u>	<u>263,703,709</u>	<u>1,262,322</u>	<u>1,236,139</u>	<u>272,921,008</u>	<u>264,939,848</u>
Total Assets	<u>365,159,171</u>	<u>309,906,273</u>	<u>8,624,389</u>	<u>3,373,131</u>	<u>373,783,560</u>	<u>313,279,404</u>
Deferred Outflows	<u>25,790,434</u>	<u>25,380,612</u>	<u>2,158,082</u>	<u>4,037,001</u>	<u>27,948,516</u>	<u>29,417,613</u>
Long-term Debt	283,024,546	252,872,122	8,169,197	15,575,655	291,193,743	268,447,777
Other Liabilities	<u>18,707,741</u>	<u>14,026,224</u>	<u>24,261</u>	<u>26,380</u>	<u>18,732,002</u>	<u>14,052,604</u>
Total Liabilities	<u>301,732,287</u>	<u>266,898,346</u>	<u>8,193,458</u>	<u>15,602,035</u>	<u>309,925,745</u>	<u>282,500,381</u>
Deferred Inflows	<u>32,300,759</u>	<u>18,051,578</u>	<u>2,462,409</u>	<u>1,099,935</u>	<u>34,763,168</u>	<u>19,151,513</u>
<b>Net Position</b>						
Net investment in capital assets	65,151,283	102,048,653	1,262,322	1,236,139	66,413,605	103,284,792
Restricted	50,139,313	10,924,306			50,139,313	10,924,306
Unrestricted	<u>(58,374,037)</u>	<u>(60,735,998)</u>	<u>(1,135,718)</u>	<u>(10,527,977)</u>	<u>(59,509,755)</u>	<u>(71,263,975)</u>
<b>Total Net Position</b>	<u>\$ 56,916,559</u>	<u>\$ 52,236,961</u>	<u>\$ 126,604</u>	<u>\$ (9,291,838)</u>	<u>\$ 57,043,163</u>	<u>\$ 42,945,123</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

The District added \$82.1 million in capital assets. The District paid \$22.5 million in bond principal and partially advance refunded the 2013 bonds.

### Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2022, were \$126.1 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$42.4 million more than budget. This is primarily due to not budgeting on-behalf payments of \$35.6 million and tax revenue being \$3.7 million more than budgeted.
- The total cost of all governmental programs and services was \$121.0 million.
- General fund budget expenditures to actual varied significantly in Other expenses. This resulted from not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,067,769	\$ 1,409,902	\$ 1,504,987	\$ 898,644	\$ 3,572,756	\$ 2,308,546
Operating grants and contributions	29,302,982	25,451,816	14,455,362	8,473,560	43,758,344	33,925,376
Capital grants	7,856,392	6,147,969	-	-	7,856,392	6,147,969
<b>General revenues:</b>						
Property taxes	43,926,204	42,108,874	-	-	43,926,204	42,108,874
Motor vehicle taxes	4,739,205	4,341,967	-	-	4,739,205	4,341,967
Utility taxes	6,481,717	6,215,478	-	-	6,481,717	6,215,478
Other taxes	2,100	8,523	-	-	2,100	8,523
Investment earnings	1,239,591	802,127	32,590	8,723	1,272,181	810,850
State and formula grants	30,222,159	34,727,825	-	-	30,222,159	34,727,825
Gain on disposal of capital assets	20,581.00	-	-	-	20,581	-
Miscellaneous	267,859	984,591	-	-	267,859	984,591
<b>Total revenues</b>	<u>126,126,559</u>	<u>122,199,072</u>	<u>15,992,939</u>	<u>9,380,927</u>	<u>142,119,498</u>	<u>131,579,999</u>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	42,250,732	44,201,756	-	-	42,250,732	44,201,756
Student support	11,351,546	11,288,251	-	-	11,351,546	11,288,251
Instructional staff support	11,108,240	10,118,715	-	-	11,108,240	10,118,715
District administrative support	1,790,839	1,603,618	-	-	1,790,839	1,603,618
School administrative support	9,384,404	9,232,577	-	-	9,384,404	9,232,577
Business support	2,963,489	2,759,659	-	-	2,963,489	2,759,659
Plant operation and maintenance	14,651,782	14,628,019	-	-	14,651,782	14,628,019
Student transportation	16,695,486	13,095,170	-	-	16,695,486	13,095,170
Community service activities	1,672,667	1,716,857	-	-	1,672,667	1,716,857
Other	2,731,573	3,090,701	-	-	2,731,573	3,090,701
Interest costs	6,414,584	5,914,042	-	-	6,414,584	5,914,042
<b>Business-type Activities:</b>						
Food service	-	-	9,299,022	10,241,257	9,299,022	10,241,257
School Age Child Care	-	-	(2,537,611)	408,931	(2,537,611)	408,931
Early College and Career Center	-	-	26,846	11,358	26,846	11,358
Educational television	-	-	(39,117)	109,346	(39,117)	109,346
<b>Total expenses</b>	<u>121,015,342</u>	<u>117,649,365</u>	<u>6,749,140</u>	<u>10,770,892</u>	<u>127,764,482</u>	<u>128,420,257</u>
<b>Change in net position before transfers</b>	5,111,217	4,549,707	9,243,799	(1,389,965)	14,355,016	3,159,742
<b>Transfers</b>	<u>(174,643)</u>	<u>(303,711)</u>	<u>174,643</u>	<u>303,711</u>	-	-
<b>Change in net position</b>	<u>\$ 4,936,574</u>	<u>\$ 4,245,996</u>	<u>\$ 9,418,442</u>	<u>\$ (1,086,254)</u>	<u>\$ 14,355,016</u>	<u>\$ 3,159,742</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)**  
**Governmental Activities**  
**Total Cost of Services**                      **Net Cost of Services**

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction	\$ 42,250,732	\$ 44,201,756	\$ 22,831,772	\$ 28,456,509
Support Services	67,945,786	62,726,009	59,170,811	55,463,758
Community services	1,672,667	1,716,857	291,530	418,847
Facilities acquisition	-	-	(6,678,375)	(5,006,374)
Other	2,731,573	3,090,701	935,894	534,491
Interest costs	6,414,584	5,914,042	5,236,567	4,772,447
<b>Total Expenses</b>	<u>\$ 121,015,342</u>	<u>\$ 117,649,365</u>	<u>\$ 81,788,199</u>	<u>\$ 84,639,678</u>

**Business-Type Activities**

The business-type activities include the food service, school age child care, early college and career center and educational television operations. These programs had total revenues of \$15,992,939 and expenses of \$6,749,140 for fiscal year 2022. Of the revenues, \$1,504,987 was charges for services, \$14,455,362 was from State and Federal operating grants and \$32,590 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$274.8 million and expenditures and other financing uses of \$231.1 million. Net changes in fund balances for the year were most significant in the General Fund \$4.6 million and the Construction Fund \$38.8 million.

The increase in the General Fund was due to more grant money due to Covid-19. The increase in the Construction Fund was due to unspent bond proceeds received during the fiscal year.

**General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund revenues were budgeted at \$94.9 million with actual amounts of \$137.1 million. Budgeted expenditures of \$126.3 million compare with actual expenditures of \$135.2 million. The most significant fluctuation is for on-behalf payments of \$35.6 million.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2022 the School District had \$272.5 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$271.7 million in governmental activities. Table 4 shows fiscal year 2022 and 2021 balances, net of depreciation.

(Table 4)  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land and land improvements	\$ 13,389,834	\$ 13,822,965	\$ 16,790	\$ 16,790	\$ 13,406,624	\$ 13,839,755
Construction in progress	15,140,494	64,484,603	-	-	15,140,494	64,484,603
Buildings and improvements	235,897,071	178,450,587	10,661	11,702	235,907,732	178,462,289
Technology	299,817	140,820	-	-	299,817	140,820
Vehicles	5,076,046	5,251,793	14,236	27,332	5,090,282	5,279,125
General equipment	1,441,750	1,552,941	1,220,635	1,180,315	2,662,385	2,733,256
Leased general equipment	413,674					
Total	<u>\$ 271,658,686</u>	<u>\$ 263,703,709</u>	<u>\$ 1,262,322</u>	<u>\$ 1,236,139</u>	<u>\$ 272,507,334</u>	<u>\$ 264,939,848</u>

Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2022 and 2021.

(Table 5)  
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Beginning balance, restated 2022	\$ 264,272,223	\$ 245,639,573	\$ 1,236,139	\$ 928,376	\$ 265,508,362	\$ 246,567,949
Additions	82,062,011	26,815,180	243,161	501,152	82,305,172	27,316,332
Retirements	(65,126,164)	(428,703)	(26,914)	-	(65,153,078)	(428,703)
Depreciation and amortization	<u>(9,549,384)</u>	<u>(8,322,341)</u>	<u>(190,064)</u>	<u>(193,389)</u>	<u>(9,739,448)</u>	<u>(8,515,730)</u>
Ending balance	<u>\$ 271,658,686</u>	<u>\$ 263,703,709</u>	<u>\$ 1,262,322</u>	<u>\$ 1,236,139</u>	<u>\$ 272,921,008</u>	<u>\$ 264,939,848</u>

Ongoing construction costs are in construction in progress at June 30, 2022, principally the Central Hardin Project.

### Debt

At June 30, 2022, the School District had \$208.3 million in bonds outstanding, of this amount \$8.3 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$9.4 million is due within one year. The District issued the 2021 revenue bonds for \$52,525,000 and the 2021 refunding revenue bonds for \$14,620,000 which partially advance refunded the 2013 revenue bonds.

## **District Challenges for the Future**

The most important challenge is to increase the academic achievement of our students. The District is continuing programs such as IReady, My Path, Lexia, Dave Ramsey, and Apex in many schools as measures to improve learning and data quality. In addition, a data consultant has been hired to review the data within the District to measure program success. Technology is being funded at higher levels to increase student development with handheld devices. The District is striving to be a one to one, bring your own device, this is so important during this time given the at-home instruction.

Central Hardin High School has begun its renovation over the next couple of years. West Hardin Middle School rebuild was approved to begin FY23.

The second District challenge is maintaining and improving average daily attendance. The District receives funding through the SEEK formula based on this count. Getting students back in the classroom during a pandemic is a challenge the district is facing. Many students are still being home schooled or have gone to private schools.

As a result of continued growth in average daily attendance, the District was able to levy a BRAC nickel in FY11 and this nickel has since got equalized by the state. This has enabled the District to add additional classroom space and improve the overall building culture. Adhering to the facilities plan is essential in providing excellent learning environments to meet the needs of all students. It is important to note good attendance correlates to student achievement. Maintaining excellence and emphasizing service to the public are the main factors influencing this District challenge.

Due to Covid 19, the district has seen an influx of federal relief dollars. The key is to spend the money wisely on non-occurring costs to prevent shortages of money in the future. Hardin County Schools has set aside these funds for HVAC upgrades, summer programs, staff PD, mental health counselors, interventionists, new software programs, and preschool. A huge economic development is set to open in Glendale which could cause an increase in student enrollment and help increase tax revenue.

## **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2022-2023 with an 10% contingency. Significant Board action that impacts the finances includes pay increases for all employees including TRS/CERS and issuing a COLA raises, additional resources for a home learning, spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives. Hardin County will be facing significant growth over the next five or more years due to the Ford Motor Company Factory being built in Glendale. The school system could face student growth, employees shortages, and the task of competing wages with businesses and Ford for classified employees.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions about this report or additional information needed should be directed to John Stith, Chief Operations Officer (270) 769-8800, 65 W. A. Jenkins Road, Elizabethtown, Kentucky, 42701.

## **BASIC FINANCIAL STATEMENTS**

**HARDIN COUNTY SCHOOL DISTRICT**

STATEMENT OF NET POSITION

June 30, 2022

<b>Assets</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Current Assets</u></b>			
Cash, cash equivalents and investments	\$ 88,012,404	\$ 5,739,728	\$ 93,752,132
Inventory		285,692	285,692
Receivables:			
Taxes-current	895,925		895,925
Taxes-delinquent	114,258		114,258
Other receivables	80,776	6,095	86,871
Intergovernmental-State	122,293		122,293
Intergovernmental-Indirect Federal	4,235,055	1,330,552	5,565,607
Intergovernmental-Direct Federal	39,774		39,774
<b>Total Current Assets</b>	<b>93,500,485</b>	<b>7,362,067</b>	<b>100,862,552</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	23,856,930	16,790	23,873,720
Depreciable capital assets, net of accumulated depreciation	247,801,756	1,245,532	249,047,288
<b>Total Noncurrent Assets</b>	<b>271,658,686</b>	<b>1,262,322</b>	<b>272,921,008</b>
<b>Total Assets</b>	<b>365,159,171</b>	<b>8,624,389</b>	<b>373,783,560</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount on debt refundings	3,212,268		3,212,268
CERS Pension	6,831,967	1,063,637	7,895,604
CERS OPEB	6,775,629	1,094,445	7,870,074
TRS MIF OPEB	8,970,570		8,970,570
<b>Total Deferred Outflows of Resources</b>	<b>25,790,434</b>	<b>2,158,082</b>	<b>27,948,516</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	4,036,337	24,261	4,060,598
Accrued liabilities	354,226		354,226
Unearned revenue	2,372,988		2,372,988
Bond obligations	9,430,000		9,430,000
Capital leases	191,691		191,691
Compensated absences	361,454		361,454
Interest payable	1,961,045		1,961,045
<b>Total Current Liabilities</b>	<b>18,707,741</b>	<b>24,261</b>	<b>18,732,002</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	200,289,671		200,289,671
Capital leases	437,095		437,095
Net pension liability - CERS	43,193,941	6,283,038	49,476,979
Net OPEB liability - CERS	12,966,756	1,886,159	14,852,915
Net OPEB liability - TRS MIF	22,884,000		22,884,000
Compensated absences	3,253,083		3,253,083
<b>Total Noncurrent Liabilities</b>	<b>283,024,546</b>	<b>8,169,197</b>	<b>291,193,743</b>
<b>Total Liabilities</b>	<b>301,732,287</b>	<b>8,193,458</b>	<b>309,925,745</b>
<b>Deferred Inflows of Resources</b>			
CERS Pension	9,164,701	1,402,959	10,567,660
CERS OPEB	6,535,058	1,059,450	7,594,508
TRS MIF OPEB	16,601,000		16,601,000
<b>Total Deferred Inflows of Resources</b>	<b>32,300,759</b>	<b>2,462,409</b>	<b>34,763,168</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	65,151,283	1,262,322	66,413,605
Restricted	50,139,313		50,139,313
Unrestricted	(58,374,037)	(1,135,718)	(59,509,755)
<b>Total Net Position</b>	<b>\$ 56,916,559</b>	<b>\$ 126,604</b>	<b>\$ 57,043,163</b>

The notes to the financial statements are an integral part of this statement.



**HARDIN COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 42,250,732	\$ 2,062,522	\$ 17,356,438	\$ -	\$ (22,831,772)	\$ -	\$ (22,831,772)
Support services:							
Student	11,351,546		919,888		(10,431,658)		(10,431,658)
Instruction staff	11,108,240		3,685,540		(7,422,700)		(7,422,700)
District administrative	1,790,839		446		(1,790,393)		(1,790,393)
School administrative	9,384,404		14,234		(9,370,170)		(9,370,170)
Business	2,963,489		21,098		(2,942,391)		(2,942,391)
Plant operation and maintenance	14,651,782		845,593		(13,806,189)		(13,806,189)
Student transportation	16,695,486	5,247	3,282,929		(13,407,310)		(13,407,310)
Community service activities	1,672,667		1,381,137		(291,530)		(291,530)
Facilities acquisition and construction				6,678,375	6,678,375		6,678,375
Other	2,731,573		1,795,679		(935,894)		(935,894)
Interest on long-term debt	6,414,584			1,178,017	(5,236,567)		(5,236,567)
<b>Total Governmental Activities</b>	<b>121,015,342</b>	<b>2,067,769</b>	<b>29,302,982</b>	<b>7,856,392</b>	<b>(81,788,199)</b>	<b>-</b>	<b>(81,788,199)</b>
<b>Business-Type Activities:</b>							
Food service	9,299,022	145,658	14,417,760			5,264,396	5,264,396
School Age Child Care	(2,537,611)	1,248,474	34,826			3,820,911	3,820,911
Early College and Career Center	26,846	32,573				5,727	5,727
Educational television	(39,117)	78,282	2,776			120,175	120,175
<b>Total Business-Type Activities</b>	<b>6,749,140</b>	<b>1,504,987</b>	<b>14,455,362</b>	<b>-</b>	<b>-</b>	<b>9,211,209</b>	<b>9,211,209</b>
<b>Total Primary Government</b>	<b>\$ 127,764,482</b>	<b>\$ 3,572,756</b>	<b>\$ 43,758,344</b>	<b>\$ 7,856,392</b>	<b>(81,788,199)</b>	<b>9,211,209</b>	<b>(72,576,990)</b>
			<b>General Revenues:</b>				
			Taxes:				
			Property taxes		43,926,204		43,926,204
			Motor vehicle taxes		4,739,205		4,739,205
			Utility taxes		6,481,717		6,481,717
			Other taxes		2,100		2,100
			Investment earnings		1,239,591	32,590	1,272,181
			Gain on disposal of capital assets		20,581		20,581
			State and formula grants		30,222,159		30,222,159
			Miscellaneous		267,859		267,859
			Transfers		(174,643)	174,643	-
			<b>Total general revenues and transfers</b>		<b>86,724,773</b>	<b>207,233</b>	<b>86,932,006</b>
			Change in net position		4,936,574	9,418,442	14,355,016
			Net position - beginning		52,236,961	(9,291,838)	42,945,123
			Restatement		(256,976)		(256,976)
			Net position - beginning, as restated		51,979,985	(9,291,838)	42,688,147
			Net position - ending		<b>\$ 56,916,559</b>	<b>\$ 126,604</b>	<b>\$ 57,043,163</b>

The notes to the financial statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**HARDIN COUNTY SCHOOL DISTRICT**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash, cash equivalents and investments	\$ 37,826,658	\$ -	\$ 47,562,072	\$ 2,623,674	\$ 88,012,404
Due from other funds	521,245				521,245
Receivables:					
Taxes - current	895,925				895,925
Taxes - delinquent	114,258				114,258
Other receivables	80,776				80,776
Intergovernmental - State		122,293			122,293
Intergovernmental - Indirect Federal		4,235,055			4,235,055
Intergovernmental - Direct Federal		39,774			39,774
<b>Total Assets</b>	<b>\$ 39,438,862</b>	<b>\$ 4,397,122</b>	<b>\$ 47,562,072</b>	<b>\$ 2,623,674</b>	<b>\$ 94,021,730</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 487,015	\$ 1,022,724	\$ 2,498,581	\$ 28,017	\$ 4,036,337
Accrued liabilities	354,226				354,226
Due to other funds		521,245			521,245
Unearned revenue		2,372,988			2,372,988
<b>Total Liabilities</b>	<b>841,241</b>	<b>3,916,957</b>	<b>2,498,581</b>	<b>28,017</b>	<b>7,284,796</b>
<b>Fund Balances</b>					
Restricted	1,807,268	480,165	45,063,491	2,595,657	49,946,581
Committed	2,652,545				2,652,545
Assigned	10,000,000				10,000,000
Unassigned	24,137,808				24,137,808
<b>Total Fund Balances</b>	<b>38,597,621</b>	<b>480,165</b>	<b>45,063,491</b>	<b>2,595,657</b>	<b>86,736,934</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 39,438,862</b>	<b>\$ 4,397,122</b>	<b>\$ 47,562,072</b>	<b>\$ 2,623,674</b>	<b>\$ 94,021,730</b>

The notes to the financial statements are an integral part of this statement.

**HARDIN COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION**

June 30, 2022

Total fund balance per fund financial statements	\$ 86,736,934
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	271,658,686
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	3,212,268
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	22,578,166
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(32,300,759)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts and premiums)	(209,719,671)
Capital leases payable	(628,786)
Interest payable	(1,961,045)
Compensated absences	(3,614,537)
Net pension liability - CERS	(43,193,941)
Net OPEB liability - CERS	(12,966,756)
Net OPEB liability - TRS MIF	(22,884,000)
Net position for governmental activities	<u>\$ 56,916,559</u>

The notes to the financial statements are an integral part of this statement.

**HARDIN COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Taxes:					
Property	\$ 32,572,536	\$ -	\$ -	\$ 11,353,668	\$ 43,926,204
Motor vehicle	4,739,205				4,739,205
Utilities	6,481,717				6,481,717
Other taxes	2,100				2,100
Earnings on investments	734,674	7,198	493,760	3,959	1,239,591
Other local revenues	517,416	167,337	37,898	2,095,876	2,818,527
Intergovernmental - State	91,715,895	5,539,619		7,856,392	105,111,906
Intergovernmental - Indirect Federal	249,419	22,516,166			22,765,585
Intergovernmental - Direct Federal	66,496	413,835			480,331
<b>Total Revenues</b>	<b>137,079,458</b>	<b>28,644,155</b>	<b>531,658</b>	<b>21,309,895</b>	<b>187,565,166</b>
<b>Expenditures:</b>					
Instruction	79,343,182	16,974,989		1,771,597	98,089,768
Support services:					
Student	10,336,186	919,888		3,201	11,259,275
Instruction staff	7,002,463	3,685,540		91,588	10,779,591
District administrative	1,607,942	446			1,608,388
School administrative	9,133,999	14,234			9,148,233
Business	2,791,259	21,098			2,812,357
Plant operation and maintenance	12,884,902	845,593		13,993	13,744,488
Student transportation	11,933,503	3,282,929		18,628	15,235,060
Facilities acquisition and construction	79,246		15,680,792		15,760,038
Community service activities	41,425	1,381,137			1,422,562
Other	53,870	1,795,679		69,706	1,919,255
Bond issue costs			648,279	155,360	803,639
Debt service:					
Principal				8,820,000	8,820,000
Interest				5,782,511	5,782,511
<b>Total Expenditures</b>	<b>135,207,977</b>	<b>28,921,533</b>	<b>16,329,071</b>	<b>16,726,584</b>	<b>197,185,165</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>1,871,481</b>	<b>(277,378)</b>	<b>(15,797,413)</b>	<b>4,583,311</b>	<b>(9,619,999)</b>
<b>Other Financing Sources (Uses):</b>					
Revenue bond proceeds			52,525,000		52,525,000
Refunding bond proceeds				14,620,000	14,620,000
Bond premium			629,806	283,889	913,695
Payment to refunded bond escrow agent				(14,745,312)	(14,745,312)
Insurance proceeds	34,548				34,548
Proceeds from disposal of capital assets	51,275				51,275
Transfers in	3,859,182	332,235	1,422,723	13,520,800	19,134,940
Transfers out	(1,252,286)	(50,000)		(17,832,654)	(19,134,940)
<b>Total Other Financing Sources (Uses)</b>	<b>2,692,719</b>	<b>282,235</b>	<b>54,577,529</b>	<b>(4,153,277)</b>	<b>53,399,206</b>
<b>Net Change in Fund Balances</b>	<b>4,564,200</b>	<b>4,857</b>	<b>38,780,116</b>	<b>430,034</b>	<b>43,779,207</b>
<b>Fund Balance, July 1, 2021</b>	<b>34,033,421</b>	<b>475,308</b>	<b>6,283,375</b>	<b>2,165,623</b>	<b>42,957,727</b>
<b>Fund Balance, June 30, 2022</b>	<b>\$ 38,597,621</b>	<b>\$ 480,165</b>	<b>\$ 45,063,491</b>	<b>\$ 2,595,657</b>	<b>\$ 86,736,934</b>

The notes to the financial statements are an integral part of this statement.

## HARDIN COUNTY SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	\$ 43,779,207
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	7,417,157
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(53,313,383)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	9,016,703
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(30,694)
The difference between actuarial pension and OPEB amounts and actual amounts are recorded as adjustments in the statement of activities.	(1,140,293)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(792,123)</u>
Change in net position of governmental activities	<u>\$ 4,936,574</u>

The notes to the financial statements are an integral part of this statement.

**HARDIN COUNTY SCHOOL DISTRICT**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>				
<b><u>Current Assets</u></b>				
Cash, cash equivalents and investments	\$ 4,150,150	\$ 1,541,423	\$ 48,155	\$ 5,739,728
Accounts receivable			6,095	6,095
Inventory	285,692			285,692
Intergovernmental receivable - Indirect Federal	1,330,552			1,330,552
<b>Total Current Assets</b>	<b>5,766,394</b>	<b>1,541,423</b>	<b>54,250</b>	<b>7,362,067</b>
<b><u>Noncurrent Assets</u></b>				
Non-depreciable capital assets	16,790			16,790
Capital assets, net of accumulated depreciation	1,245,532			1,245,532
<b>Total Noncurrent Assets</b>	<b>1,262,322</b>	<b>-</b>	<b>-</b>	<b>1,262,322</b>
<b>Total Assets</b>	<b>7,028,716</b>	<b>1,541,423</b>	<b>54,250</b>	<b>8,624,389</b>
<b>Deferred Outflows of Resources</b>				
CERS Pension	1,039,334	24,185	118	1,063,637
CERS OPEB	1,069,437	24,886	122	1,094,445
<b>Total Deferred Outflows of Resources</b>	<b>2,108,771</b>	<b>49,071</b>	<b>240</b>	<b>2,158,082</b>
<b>Liabilities</b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	21,495	1,079	1,687	24,261
<b>Total Current Liabilities</b>	<b>21,495</b>	<b>1,079</b>	<b>1,687</b>	<b>24,261</b>
<b><u>Noncurrent Liabilities</u></b>				
Net pension liability - CERS	6,139,475	142,864	699	6,283,038
Net OPEB liability - CERS	1,843,061	42,888	210	1,886,159
<b>Total Noncurrent Liabilities</b>	<b>7,982,536</b>	<b>185,752</b>	<b>909</b>	<b>8,169,197</b>
<b>Total Liabilities</b>	<b>8,004,031</b>	<b>186,831</b>	<b>2,596</b>	<b>8,193,458</b>
<b>Deferred Inflows of Resources</b>				
CERS Pension	1,370,902	31,901	156	1,402,959
CERS OPEB	1,035,242	24,090	118	1,059,450
<b>Total Deferred Inflows of Resources</b>	<b>2,406,144</b>	<b>55,991</b>	<b>274</b>	<b>2,462,409</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	1,262,322			1,262,322
Unrestricted	(2,535,010)	1,347,672	51,620	(1,135,718)
<b>Total Net Position</b>	<b>\$ (1,272,688)</b>	<b>\$ 1,347,672</b>	<b>\$ 51,620</b>	<b>\$ 126,604</b>

The notes to the financial statements are an integral part of this statement.

# HARDIN COUNTY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

### PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Revenues</b>				
Lunchroom sales	\$ 144,684	\$ -	\$ -	\$ 144,684
Other	974			974
Tuition and fees		1,248,474	110,855	1,359,329
<b>Total Operating Revenues</b>	145,658	1,248,474	110,855	1,504,987
<b>Operating Expenses</b>				
Salaries and wages	4,019,175	(2,599,884)	(79,878)	1,339,413
Materials and supplies	4,854,744	38,762	41,971	4,935,477
Depreciation	190,064			190,064
Other operating expenses	208,125	23,511	25,636	257,272
<b>Total Operating Expenses</b>	9,272,108	(2,537,611)	(12,271)	6,722,226
Operating income (loss)	(9,126,450)	3,786,085	123,126	(5,217,239)
<b>Non-Operating Revenues (Expenses)</b>				
Federal grants	12,196,624			12,196,624
Donated commodities	602,202			602,202
State grants	76,006			76,006
State on-behalf payments	1,542,928	34,826	2,776	1,580,530
Loss on disposal of capital assets	(26,914)			(26,914)
Interest income	32,590			32,590
<b>Total Non-Operating Revenues (Expenses)</b>	14,423,436	34,826	2,776	14,461,038
Capital contributions	174,643			174,643
Changes in net position	5,471,629	3,820,911	125,902	9,418,442
<b>Net Position, July 1, 2021</b>	(6,744,317)	(2,473,239)	(74,282)	(9,291,838)
<b>Net Position, June 30, 2022</b>	\$ (1,272,688)	\$ 1,347,672	\$ 51,620	\$ 126,604

The notes to the financial statements are an integral part of this statement.



**HARDIN COUNTY SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>				
Cash received from:				
Lunchroom sales	\$ 144,684	\$ -	\$ -	\$ 144,684
Other	974			974
Tuition and fees		1,248,474	112,163	1,360,637
Cash paid to/for:				
Employees	(3,830,592)	(86,463)	(6,893)	(3,923,948)
Supplies	(4,284,995)	(38,718)	(41,238)	(4,364,951)
Other activities	(208,125)	(23,511)	(27,882)	(259,518)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(8,178,054)</b>	<b>1,099,782</b>	<b>36,150</b>	<b>(7,042,122)</b>
<b>Cash flows from Non-Capital Financing Activities</b>				
Federal grants	11,848,780			11,848,780
State grants	76,006			76,006
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>11,924,786</b>	<b>-</b>	<b>-</b>	<b>11,924,786</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(68,518)	-	-	(68,518)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(68,518)</b>	<b>-</b>	<b>-</b>	<b>(68,518)</b>
<b>Cash Flows from Investing Activities</b>				
Receipt of interest income	32,590			32,590
<b>Net Cash Provided by Investing Activities</b>	<b>32,590</b>	<b>-</b>	<b>-</b>	<b>32,590</b>
Net change in cash and cash equivalents	3,710,804	1,099,782	36,150	4,846,736
<b>Balances, beginning of year</b>	<b>439,346</b>	<b>441,641</b>	<b>12,005</b>	<b>892,992</b>
<b>Balances, end of year</b>	<b>\$ 4,150,150</b>	<b>\$ 1,541,423</b>	<b>\$ 48,155</b>	<b>\$ 5,739,728</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (9,126,450)	\$ 3,786,085	\$ 123,126	\$ (5,217,239)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	190,064			190,064
Donated commodities	602,202			602,202
State on-behalf payments	1,542,928	34,826	2,776	1,580,530
GASB 68 pension expense	(1,071,535)	(2,114,794)	(70,107)	(3,256,436)
GASB 75 OPEB expense	(282,810)	(606,379)	(19,440)	(908,629)
Change in assets and liabilities:				
Accounts receivable			(938)	(938)
Inventory	(29,556)			(29,556)
Accounts payable	(2,897)	44	733	(2,120)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (8,178,054)</b>	<b>\$ 1,099,782</b>	<b>\$ 36,150</b>	<b>\$ (7,042,122)</b>
<b>Schedule of Non-cash Transactions</b>				
Donated commodities received from federal government	\$ 602,202	\$ -	\$ -	\$ 602,202
State on-behalf payments	\$ 1,542,928	\$ 34,826	\$ 2,776	\$ 1,580,530
CERS Pensions	\$ (1,071,535)	\$ (2,114,794)	\$ (70,107)	\$ (3,256,436)
CERS OPEB	\$ (282,810)	\$ (606,379)	\$ (19,440)	\$ (908,629)

The notes to the financial statements are an integral part of this statement.

**HARDIN COUNTY SCHOOL DISTRICT**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2022

	<u>Custodial Fund - Scholarship</u>
<b>Assets</b>	
Cash, cash equivalents and investments	\$ 152,097
<b>Total Assets</b>	<u>\$ 152,097</u>
<b>Net Position</b>	<u>\$ 152,097</u>

The notes to the financial statements are an integral part of this statement.

**HARDIN COUNTY SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2022

	<u>Custodial Fund - Scholarship</u>
<b>Additions</b>	
Net interest and investment gains	\$ 2,826
Other additions	2,031
<b>Deductions</b>	
Expenses paid	<u>(10,024)</u>
Change in net position	(5,167)
<b>Net Position, beginning of year</b>	<u>157,264</u>
<b>Net Position, end of year</b>	<u><u>\$ 152,097</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hardin County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### A. REPORTING ENTITY

The Hardin County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Hardin County School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Hardin County School District Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit – Hardin County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Hardin County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

##### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

###### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

#### Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

#### Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the District's Governmental Funds:

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) The School Activity Fund is a Special Revenue Fund type and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
  - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- (F) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

#### Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has four Proprietary Funds.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund of the District.
- (B) The School Age Child Care program is used to account for funds received from tuition fees charges for after school care of students. This is a major fund of the District.
- (C) The Early College and Career Center program is used to account for funds received from activities held at the Early College and Career Center.
- (D) The Educational Television program is used to account for funds received from production services and the sale of recorded media.

#### Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

The Custodial Fund – Scholarship is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations and interest income. Expenditures represent scholarships.

#### BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

#### Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.



## **HARDIN COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2022

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

#### Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

#### Revenue Recognition

State Revenue Sources – Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky (“SEEK”), administered by the Kentucky Department of Education (“KDE”). The District files reports on average daily attendance (“ADA”) student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes – On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

### C. BUDGETARY POLICIES

#### Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

##### D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

##### E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

##### F. INVENTORIES

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method and the general fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

##### G. PREPAID ITEMS

Payments made that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

##### H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

#### I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds and shown as an offset of bonds payable while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method and shown as deferred outflows of resources.

#### J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

#### K. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### L. PENSION AND OPEB PLANS

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System Kentucky (TRS) and County Employees Retirement System (CERS) and additions to/deductions from TRS's and CERS's fiduciary net position have been determined on the same basis as they are reported by TRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### M. NET POSITION

Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

##### N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

###### Recently Issued And Adopted Accounting Principles

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. The adoption required a restatement (See note 14).

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This adoption did not have an effect on the financial statements.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Recently Issued Accounting Pronouncements

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In October 2021, the GASB issued Statement 98, *The Annual Comprehensive Financial Report*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In October 2021, the GASB issued Statement 99, *Omnibus 2022*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This statement is effective for periods beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. This statement is effective for periods beginning after December 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2022, to finance operations were \$.652 per \$100 valuation for real property, \$.652 per \$100 valuation for business personal property and \$.540 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power and gas.

#### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2022, \$30,550,566 of the District's bank balance of \$37,410,654 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

##### Investments

As of June 30, 2022, the District had the following investments and maturities:

Description	Fair Value	Average Credit Quality/Ratings (1)	Maturity Less Than 1
United States Treasury Bonds	\$ 1,476,411	AAA	\$ 1,476,411
Municipal Bonds	1,230,246	AAA	1,230,246
Municipal Bonds	18,168,659	AA+	18,168,659
Municipal Bonds	21,283,485	AA	21,283,485
Municipal Bonds	9,011,207	AA-	9,011,207
Municipal Bonds	2,634,609	A+	2,634,609
Municipal Bonds	5,374,618	A	5,374,618
Municipal Bonds	1,000,960	A-	1,000,960
Municipal Bonds	9,982,700	SP-1+	9,982,700
Money Market Funds	2,038	N/A	2,038

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable. Ratings are from Standard & Poor's.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with State Statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
  1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  2. The management company of the investment company shall have been in operation for at least five (5) years; and
  3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Concentration of Credit Risk**. The District had investments at June 30, 2022 with more than 5% of the total in municipal bonds. The investments represented 98% of total investments. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by the counterparty in the District's name. No investments are reported at amortized cost. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are a level 1 input.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 4 – INTERFUND ACTIVITIES**

The following transfers were made during the year:

**Fund Financial Statements**

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 282,235
General	Construction	Construction	594,414
General	Nonmajor Governmental	Debt Service	374,637
General	Nonmajor Governmental	Athletics	1,000
Special Revenue	Special Revenue	Internal	50,000
Nonmajor Governmental	Nonmajor Governmental	Operations	96,605
Nonmajor Governmental	Nonmajor Governmental	Internal	334
Nonmajor Governmental	General	COFT	1,343,974
Nonmajor Governmental	General	BFFT	2,515,208
Nonmajor Governmental	Nonmajor Governmental	Debt Service	13,048,224
Nonmajor Governmental	Construction	BFFT	750,000
Nonmajor Governmental	Construction	Construction	78,309

**Government-Wide Financial Statements**

From Fund	To Fund	Purpose	Amount
Construction	Food Service	Capital Assets	\$ 174,643

At June 30, 2022, the Special Revenue Fund owed the General Fund \$521,245 for expenditures paid by the General Fund for the Special Revenue Fund.



# HARDIN COUNTY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

### NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

Governmental Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 8,716,436	\$ -	\$ -	\$ 8,716,436
Construction in progress	64,484,603	15,751,361	(65,095,470)	15,140,494
<b>Total Capital Assets Not Being Depreciated</b>	<b>73,201,039</b>	<b>15,751,361</b>	<b>(65,095,470)</b>	<b>23,856,930</b>
Other Capital Assets:				
Land improvements	10,894,142		(2,367)	10,891,775
Buildings and improvements	278,080,966	64,925,925	(65,345)	342,941,546
Technology equipment	6,739,654	235,635	(1,716,598)	5,258,691
Vehicles	18,945,536	976,820	(632,415)	19,289,941
General equipment	8,308,675	172,270	(219,138)	8,261,807
Leased general equipment	977,152			977,152
<b>Total Capital Assets Being Depreciated at Historical Cost</b>	<b>323,946,125</b>	<b>66,310,650</b>	<b>(2,635,863)</b>	<b>387,620,912</b>
Less Accumulated Depreciation For:				
Land improvements	5,787,613	433,131	(2,367)	6,218,377
Buildings and improvements	99,630,379	7,477,979	(63,883)	107,044,475
Technology equipment	6,598,834	69,025	(1,708,985)	4,958,874
Vehicles	13,693,743	1,152,567	(632,415)	14,213,895
General equipment	6,755,734	261,842	(197,519)	6,820,057
Less Accumulated Amortization For:				
Leased general equipment	408,638	154,840		563,478
<b>Total accumulated depreciation and amortization</b>	<b>132,874,941</b>	<b>9,549,384</b>	<b>(2,605,169)</b>	<b>139,819,156</b>
<b>Total Other Capital Assets, net</b>	<b>191,071,184</b>	<b>56,761,266</b>	<b>(30,694)</b>	<b>247,801,756</b>
<b>Governmental Activities Capital Assets - Net</b>	<b>\$ 264,272,223</b>	<b>\$ 72,512,627</b>	<b>\$ (65,126,164)</b>	<b>\$ 271,658,686</b>

Depreciation and amortization was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 8,139,478
Instructional staff	75
District administration	38,731
School administration	2,944
Business support	13,987
Plant	269,614
Transportation	1,084,555
	<u>\$ 9,549,384</u>

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 5 – CAPITAL ASSETS – CONTINUED**

Business-Type Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 16,790	\$ -	\$ -	\$ 16,790
Total Capital Assets Not Being Depreciated	16,790	-	-	16,790
Land improvements	14,407			14,407
Buildings and improvements	200,716			200,716
Technology equipment	1,779			1,779
Vehicles	226,537			226,537
General equipment	4,372,739	243,161	(231,860)	4,384,040
Totals at historical cost	4,816,178	243,161	(231,860)	4,827,479
Less Accumulated Depreciation For:				
Land improvements	14,407			14,407
Buildings and improvements	189,014	1,041		190,055
Technology equipment	1,779			1,779
Vehicles	199,205	13,096		212,301
General equipment	3,192,424	175,927	(204,946)	3,163,405
Total accumulated depreciation	3,596,829	190,064	(204,946)	3,581,947
Total Other Capital Assets, net	1,219,349	53,097	(26,914)	1,245,532
Business-Type Activities				
Capital Assets - Net	\$ 1,236,139	\$ 53,097	\$ (26,914)	\$ 1,262,322

**NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2022, is as follows:

Description	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within 1 Year
<b>Governmental Activities:</b>					
Bonds & Leases Payable:					
Revenue bonds	\$ 163,585,000	\$ 67,145,000	\$ (22,480,000)	\$ 208,250,000	\$ 9,430,000
Capital Leases	825,490		(196,704)	628,786	191,691
Add: Premium	1,796,276	913,695	(282,276)	2,427,695	
Less: (Discount)	(1,083,421)		125,397	(958,024)	
<b>Total Bonds Payable</b>	<b>165,123,345</b>	<b>68,058,695</b>	<b>(22,833,583)</b>	<b>210,348,457</b>	<b>9,621,691</b>
Other Liabilities:					
Compensated absences	3,484,485	563,871	(433,819)	3,614,537	361,454
<b>Total Other Liabilities</b>	<b>3,484,485</b>	<b>563,871</b>	<b>(433,819)</b>	<b>3,614,537</b>	<b>361,454</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 168,607,830</b>	<b>\$ 68,622,566</b>	<b>\$ (23,267,402)</b>	<b>\$ 213,962,994</b>	<b>\$ 9,983,145</b>

The debt service fund is primarily responsible for paying the bond obligations through funding from the general, capital outlay and FSPK funds. The general fund is primarily responsible for paying leases and compensated absences.

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hardin County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

##### Bond Liabilities

The original amount of each issue, the issue date, and interest rates are summarized below:

Issue	Original Proceeds	Rates
2009	1,960,000	2.00% - 4.00%
2012R	14,585,000	2.00% - 2.75%
2013R	16,610,000	0.50% - 4.25%
2014	21,230,000	2.00% - 3.50%
2014R	2,875,000	2.00% - 3.00%
2014R2	7,300,000	2.00% - 3.00%
2015	14,510,000	2.00% - 3.25%
2015R	10,000,000	2.00% - 3.00%
2016R	25,925,000	2.00% - 3.00%
2016	19,675,000	2.00% - 2.625%
West Point 2016	1,425,000	2.00%
2017R	5,895,000	3.00% - 4.00%
West Point 2018	505,000	3.20%
2019	46,180,000	3.00% - 5.00%
2021	52,525,000	2.00% - 5.00%
2021R	14,620,000	2.00%

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

On August 11, 2021, the District issued \$52,525,000 in School Building Revenue Bonds at an average interest rate of 2.10 percent. The net proceeds of \$52,506,527 (after \$648,279 in bond issuance costs and \$629,806 in premium) were deposited in Construction Fund.

On September 8, 2021, the District issued \$14,620,000 in Refunding Revenue Bonds with an interest rate of 2.00 percent to advance refund \$13,660,000 of outstanding 2013 Revenue Bonds. The refunding was a partial advance refunding. The net proceeds of \$14,745,312 (after \$155,360 in cost of issuance and \$283,889 in bond discount and \$3,217 in excess cash which was deposited in the debt service fund) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to call the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,085,312. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2034 using the straight-line method. The District completed the refunding to reduce its total debt service payments over the next 13 years by \$2,033,690 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,828,289. At June 30, 2022, \$13,660,000 of the defeased bonds were outstanding and will be called on August 1, 2023.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 7 – LONG-TERM LIABILITIES – CONTINUED**

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	Distict's Portion
2023	\$ 9,430,000	\$ 6,054,600	\$ 1,233,022	\$ 14,251,578
2024	9,790,000	5,692,887	1,233,022	14,249,865
2025	9,895,000	5,327,626	972,983	14,249,643
2026	10,155,000	4,996,105	978,141	14,172,964
2027	10,115,000	4,609,504	853,442	13,871,062
2028-2032	53,465,000	17,407,463	2,473,331	68,399,132
2033-2037	58,150,000	9,706,173	1,462,619	66,393,554
2038-2042	47,250,000	2,390,770	745,362	48,895,408
	<u>\$ 208,250,000</u>	<u>\$ 56,185,128</u>	<u>\$ 9,951,922</u>	<u>\$ 254,483,206</u>

Capital Leases

The following is an analysis of the leased property under financed purchases by class. These assets are included in capital assets and are depreciated:

Classes of Property

Copiers	
Gross amount of assets	\$ 1,126,631

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2022:

Description	Year	Amount
	2023	\$ 204,027
	2024	204,027
	2025	157,706
	2026	114,661
Total minimum lease payments		680,421
Less: Amount representing interest		<u>(51,635)</u>
Present Value of Net Minimum Lease Payments		<u>\$ 628,786</u>

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS

##### Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at [www.trs.ky.gov](http://www.trs.ky.gov). CERS' report may be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

##### TRS

##### Benefits Provided

###### *For Members Before July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service.

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

*For Members On or After July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

#### Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2022. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$261,001,419.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the District's proportion was 2.0056 percent.

For the year ended June 30, 2022, the District recognized pension expense of negative \$40,659,724 and revenue of negative \$40,659,724 (\$20,834,015 in the governmental funds and negative \$61,493,736 in government-wide activities) for support provided by the State. At June 30, 2022, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

##### Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation
Municipal Bond Index Rate	2.13%

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 8 – PENSION PLANS – CONTINUED**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
	100.0%	

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability (in thousands)	\$ 18,389,990	\$ 13,605,788	\$ 9,631,759

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

##### CERS

###### Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total Pension liability as of June 30, 2020, was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

###### Contributions

For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 21.17 percent of annual creditable compensation. Contributions to the pension plan from the District were \$4,661,278.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 8 – PENSION PLANS – CONTINUED**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$49,476,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was .776014 percent, which was a decrease of .045898 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$4,524,806. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 568,147	\$ 8,513,829
Changes in actuarial assumptions	664,040	
Difference between projected and actual investment earnings	1,439,170	
Changes in proportion and differences between employer contributions and proportionate share of contributions	562,969	2,053,831
Contributions paid to CERS subsequent to the measurement date	4,661,278	
	<u>\$ 7,895,604</u>	<u>\$ 10,567,660</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$4,661,278 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Yeare Ending June 30	Pension Expense Amount
2023	\$ (1,193,456)
2024	(2,522,281)
2025	(1,552,554)
2026	(2,065,043)
	<u>\$ (7,333,334)</u>

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.00%</u>	

##### Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 63,456,573	\$ 49,476,979	\$ 37,909,194

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

##### Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at [www.trs.ky.gov](http://www.trs.ky.gov). CERS' report may be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

##### **TRS**

##### General Information about the OPEB Plan

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at [www.trs.ky.gov](http://www.trs.ky.gov).

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

##### **Medical Insurance Fund**

Plan description – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$22,884,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 1.923267 percent, which was a decrease of .006291 percent from the liability as measured at June 30, 2020.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 22,884,000
State proportionate share of the net OPEB liability associated with the District	<u>18,585,000</u>
Total	<u><u>\$ 41,469,000</u></u>

For the year ended June 30, 2022, the District recognized OPEB expense of negative \$993,000 and revenue of \$1,537,417 for support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 13,609,000
Changes in actuarial assumptions	5,985,000	
Difference between projected and actual investment earnings		2,441,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	933,000	551,000
Contributions paid to TRS subsequent to the measurement date	<u>2,052,570</u>	
	<u>\$ 8,970,570</u>	<u>\$ 16,601,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,052,570 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2023	\$ (2,424,000)
2024	(2,437,000)
2025	(2,249,000)
2026	(2,073,000)
2027	(510,000)
Thereafter	<u>10,000</u>
	<u><u>\$ (9,683,000)</u></u>

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.05% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:



**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
High Yield	8.0%	1.7%
Other	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	\$ 29,298,000	\$ 22,884,000	\$ 17,582,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 16,626,000	\$ 22,884,000	\$ 30,674,000

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

##### Life Insurance Fund

Plan description – TRS administers the life insurance fund as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the Commonwealth.

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$247,000.

For the year ended June 30, 2022, the District recognized OPEB expense of \$37,862 and revenue of \$37,862 for support provided by the Commonwealth. At June 30, 2022, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net OPEB liability (in thousands)	\$ 30,217	\$ 13,078	\$ (800)

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

##### CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of premiums to purchase hospital and medical insurance.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 5.78 percent of annual creditable compensation. Contributions to the pension plan from the District were \$1,272,659.

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$14,852,915 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was .775832 percent, which was a decrease of .045841 percent from its proportion measured as of June 30, 2020.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,800,640. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,335,625	\$ 4,434,587
Changes in actuarial assumptions	3,937,790	13,811
Difference between projected and actual investment earnings		2,323,532
Changes in proportion and differences between employer contributions and proportionate share of contributions	324,000	822,578
Contributions paid to CERS subsequent to the measurement date	1,272,659	
	<u>\$ 7,870,074</u>	<u>\$ 7,594,508</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,272,659 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2023	\$ 254,043
2024	(98,832)
2025	(121,148)
2026	(1,031,156)
	<u>\$ (997,093)</u>

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Municipal Bond Index Rate	1.92%
Discount Rate	5.20%

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 5.20% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the ACFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

Description	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net OPEB liability	\$ 20,392,941	\$ 14,852,915	\$ 10,306,406

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$10,692,334	\$ 14,852,915	\$ 19,874,802

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report.

#### DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements

#### NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2022, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had \$1,807,268 restricted for sick leave in the General Fund, \$480,165 restricted for grants in the Special Revenue Fund, \$634,544 restricted for school activities in the District Activity Fund, \$1,293,435 restricted for school activities in the Student Activity Fund, \$374,637 restricted for capital projects in the FSPK Fund, \$45,063,491 restricted for capital projects in the Construction Fund and \$293,041 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following General Fund commitments at June 30, 2022: \$115,000 for Map Assessment, \$300,000 for technology, \$516,735 for construction, \$159,000 for textbooks, \$270,000 for nurses, \$885,320 for EC3 equipment and costs, and \$406,490 for student resources.



## **HARDIN COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2022

#### **NOTE 10 – FUND BALANCES – CONTINUED**

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. There was no amount assigned related to encumbrances at June 30, 2022. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. There was \$10,000,000 in other assignments for future expansion.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress.

The District has construction commitments for ongoing facilities projects.

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss.

**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 12 – DEFICIT FUND BALANCE/NET POSITION**

The Food Service Fund had a deficit net position at June 30, 2022 in the amount of \$1,272,688. The deficit net position is a result of the recording of the net pension liability for CERS as part of GASB Statement 68 and the net OPEB liability for CERS as part of GASB Statement 75.

**NOTE 13 – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2022 were as follows:

Description	Amount
Health	\$ 14,362,449
Life	24,970
Admin	199,371
HRA	1,270,818
TRS Pension	20,834,012
TRS Medical	1,537,417
TRS Life	37,862
Technology	209,927
Debt Service	1,178,017
Less: Federal Reimbursement	<u>(1,309,815)</u>
Total on-behalf	<u><u>\$ 38,345,028</u></u>

Recorded as follows:

General Fund	\$ 35,586,481
Food Service Fund	1,542,928
School Age Childcare Fund	34,826
Educational Television Fund	2,776
Debt Service Fund	<u>1,178,017</u>
	<u><u>\$ 38,345,028</u></u>

**NOTE 14 – RESTATEMENT**

The District adopted GASB 87 during the fiscal year. The restatement decreased net position by \$256,976.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HARDIN COUNTY SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL**

**GENERAL FUND**

Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
From local sources:			
Taxes:			
Property	\$ 28,850,000	\$ 28,850,000	\$ 32,572,536
Motor vehicle	3,300,000	3,300,000	4,739,205
Utilities	5,800,000	5,800,000	6,481,717
Other	8,000	8,000	2,100
Earnings on investments	200,000	200,000	734,674
Other local revenues	274,973	415,828	517,416
Intergovernmental - State	56,255,877	56,109,113	91,715,895
Intergovernmental - Indirect Federal	130,000	130,000	249,419
Intergovernmental - Direct Federal	50,000	50,000	66,496
<b>Total Revenues</b>	<u>94,868,850</u>	<u>94,862,941</u>	<u>137,079,548</u>
<b>Expenditures</b>			
Instruction	57,511,618	65,176,285	79,343,182
Support services:			
Student	7,906,481	7,903,617	10,336,186
Instruction staff	4,971,500	5,428,949	7,002,463
District administrative	1,483,050	1,485,638	1,607,942
School administrative	6,409,206	6,429,390	9,133,999
Business	2,087,453	2,118,039	2,791,259
Plant operation and maintenance	11,026,331	11,566,665	12,884,902
Student transportation	9,949,169	10,957,883	11,933,503
Facilities acquisition and construction	30,000	30,000	79,246
Community service activities	136,888	160,644	41,425
Other	7,013,239	15,011,371	53,870
<b>Total Expenditures</b>	<u>108,524,935</u>	<u>126,268,481</u>	<u>135,207,977</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(13,656,085)	(31,405,540)	1,871,481
<b>Other Financing Sources (Uses)</b>			
Insurance proceeds			34,548
Proceeds from disposal of capital assets	10,000	10,000	51,275
Transfers in		3,859,182	3,859,182
Transfers out	(562,442)	(1,252,442)	(1,252,286)
<b>Total Other Financing Sources (Uses)</b>	<u>(552,442)</u>	<u>2,616,740</u>	<u>2,692,719</u>
<b>Net Change in Fund Balance</b>	(14,208,527)	(28,788,800)	4,564,200
<b>Fund Balance, July 1, 2021</b>	<u>14,208,527</u>	<u>28,788,800</u>	<u>34,033,421</u>
<b>Fund Balance, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,597,621</u>

**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES**

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$35,586,481.

**HARDIN COUNTY SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL**

**SPECIAL REVENUE FUND**

Year Ended June 30, 2022

	Original	Final	Actual
<b>Revenues</b>			
Earnings on investments	\$ 337	\$ 2,281	\$ 7,198
Other local revenues	153,465	118,664	167,337
Intergovernmental - State	5,221,155	6,071,662	5,539,619
Intergovernmental - Indirect Federal	9,679,193	54,348,233	22,516,166
Intergovernmental - Direct Federal	318,100	318,100	413,835
<b>Total Revenues</b>	<b>15,372,250</b>	<b>60,858,940</b>	<b>28,644,155</b>
<b>Expenditures</b>			
Instruction	10,990,344	31,793,370	16,974,989
Support services:			
Student	127,863	10,773,088	919,888
Instruction staff	2,173,266	7,196,415	3,685,540
District administrative			446
School administrative			14,234
Business			21,098
Plant operation and maintenance	217,703	697,515	845,593
Student transportation	94,710	5,323,448	3,282,929
Community service activities	1,314,255	1,321,791	1,381,137
Other	641,913	598,107	1,795,679
<b>Total Expenditures</b>	<b>15,560,054</b>	<b>57,703,734</b>	<b>28,921,533</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(187,804)</b>	<b>3,155,206</b>	<b>(277,378)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	187,804	332,235	332,235
Transfers out		(3,492,500)	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>187,804</b>	<b>(3,160,265)</b>	<b>282,235</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(5,059)</b>	<b>4,857</b>
<b>Fund Balance, July 1, 2021</b>	<b>-</b>	<b>5,059</b>	<b>475,308</b>
<b>Fund Balance, June 30, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 480,165</b>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Proportion of the net pension liability	0.776014%	0.821912%	0.807846%	0.781286%
Proportionate share of the net pension liability	\$ 49,476,979	\$ 63,039,970	\$ 56,816,171	\$ 47,582,701
Covered payroll	\$ 20,099,357	\$ 21,582,870	\$ 20,193,581	\$ 19,887,726
Proportionate share of the net pension liability as percentage of covered payroll	246.2%	292.1%	281.4%	239.3%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	2018	2017	2016	2015
Proportion of the net pension liability	0.787636%	0.791607%	0.791941%	0.786733%
Proportionate share of the net pension liability	\$ 46,102,757	\$ 38,975,709	\$ 34,049,704	\$ 25,525,000
Covered payroll	\$ 19,151,273	\$ 19,069,830	\$ 18,544,808	\$ 19,295,082
Proportionate share of the net pension liability as percentage of covered payroll	240.7%	204.4%	183.6%	132.3%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

\* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2022

Last 10 Years \*

	<u>2022</u>		<u>2021</u>	
Proportion of the net OPEB liability	0.775832%		0.821673%	
Proportionate share of the net OPEB liability	\$ 14,852,915	\$	19,840,904	
Covered payroll	\$ 20,099,357	\$	21,582,870	
Proportionate share of the net OPEB liability as percentage of covered payroll	73.90%		91.93%	
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%		51.67%	
	<u>2020</u>		<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.807790%		0.781257%	0.787636%
Proportionate share of the net OPEB liability	\$ 13,586,664	\$	13,871,063	\$ 15,834,178
Covered payroll	\$ 20,193,581	\$	19,887,726	\$ 19,151,273
Proportionate share of the net OPEB liability as percentage of covered payroll	67.28%		69.75%	82.68%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%		57.62%	52.39%

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Proportion of the net pension liability	2.005600%	2.004100%	2.006300%	1.994800%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	261,001,419	284,034,463	273,745,933	261,206,778
<b>Total</b>	<b>\$ 261,001,419</b>	<b>\$ 284,034,463</b>	<b>\$ 273,745,933</b>	<b>\$ 261,206,778</b>
Covered payroll	\$ 63,455,261	\$ 62,699,512	\$ 62,271,800	\$ 61,650,117
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.30%	58.80%	59.30%
	2018	2017	2016	2015
Proportion of the net pension liability	2.060000%	2.002700%	1.996500%	1.9624%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	541,260,627	590,799,546	464,602,978	403,257,677
<b>Total</b>	<b>\$ 541,260,627</b>	<b>\$ 590,799,546</b>	<b>\$ 464,602,978</b>	<b>\$ 403,257,677</b>
Covered payroll	\$ 61,270,021	\$ 60,328,710	\$ 59,612,198	\$ 59,187,538
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

\* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.



**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY  
- MEDICAL INSURANCE FUND

June 30, 2022

Last 10 Years \*

	<u>2022</u>	<u>2021</u>	
Proportion of the net OPEB liability	1.923267%	1.929558%	
District's proportionate share of the net OPEB liability	\$ 22,884,000	\$ 27,038,000	
State proportionate share of the net OPEB liability associated with the District	<u>18,585,000</u>	<u>21,659,000</u>	
Total	<u>\$ 41,469,000</u>	<u>\$ 48,697,000</u>	
Covered payroll	\$ 63,455,261	\$ 62,699,512	
District's proportionate share of the net OPEB liability as percentage of covered payroll	36.06%	43.12%	
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	1.926682%	1.910720%	1.919778%
District's proportionate share of the net OPEB liability	\$ 31,196,000	\$ 35,609,000	\$ 37,677,768
State proportionate share of the net OPEB liability associated with the District	<u>25,193,000</u>	<u>30,688,000</u>	<u>30,777,000</u>
Total	<u>\$ 56,389,000</u>	<u>\$ 66,297,000</u>	<u>\$ 68,454,768</u>
Covered payroll	\$ 62,271,800	\$ 61,044,933	\$ 59,138,750
District's proportionate share of the net OPEB liability as percentage of covered payroll	50.10%	58.33%	63.71%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY  
- LIFE INSURANCE FUND

June 30, 2022

Last 10 Years \*

	2022		2021	
Proportion of the net OPEB liability	1.889454%		1.886812%	
District's proportionate share of the net OPEB liability	\$ -	\$ -		
State proportionate share of the net OPEB liability associated with the District	247,000		655,000	
Total	\$ 247,000		\$ 655,000	
Covered payroll	\$ 63,455,261	\$ 62,699,512		
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%		0.0%	
Plan fiduciary net position as a percentage of the total OPEB liability	89.20%		71.60%	

  

	2020		2019		2018	
Proportion of the net OPEB liability	1.883613%		1.867146%		1.876122%	
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -		
State proportionate share of the net OPEB liability associated with the District	585,000		526,000		412,000	
Total	\$ 585,000		\$ 526,000		\$ 412,000	
Covered payroll	\$ 62,271,800	\$ 61,644,933	\$ 59,138,750			
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%		0.0%		0.0%	
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%		75.00%		80.00%	

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 4,661,278	\$ 3,879,176	\$ 4,165,494	\$ 3,275,399
Contribution in relation to the actuarially determined contributions	4,661,278	3,879,176	4,165,494	3,275,399
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 22,018,317	\$ 20,099,357	\$ 21,582,870	\$ 20,193,581
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,879,743	\$ 2,671,603	\$ 2,368,473	\$ 2,364,463
Contribution in relation to the actuarially determined contributions	2,879,743	2,671,603	2,368,473	2,364,463
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 19,887,726	\$ 19,151,273	\$ 19,069,830	\$ 18,544,808
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.75%

\* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 68,419,004	\$ 63,455,261	\$ 62,699,512	\$ 62,271,800
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 61,650,117	\$ 61,270,021	\$ 60,328,710	\$ 59,612,198
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

\* Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2022

Last 10 Years \*

	<u>2022</u>		<u>2021</u>	
Contractually required contribution (actuarially determined)	\$ 1,272,659	\$	947,308	
Contribution in relation to the actuarially determined contributions	<u>1,272,659</u>		<u>947,308</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$</u>	<u>-</u>	
Covered payroll	\$ 22,018,317	\$	20,099,357	
Contributions as a percentage of covered payroll	5.78%		4.76%	
	<u>2020</u>		<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 1,027,345	\$	1,062,182	\$ 934,723
Contribution in relation to the actuarially determined contributions	<u>1,027,345</u>		<u>1,062,182</u>	<u>934,723</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$ -</u>
Covered payroll	\$ 21,582,870	\$	20,193,581	\$ 19,887,726
Contributions as a percentage of covered payroll	4.76%		5.26%	4.70%

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2022

Last 10 Years \*

	<u>2022</u>	<u>2021</u>	
Contractually required contribution (actuarially determined)	\$ 2,052,570	\$ 1,904,000	
Contribution in relation to the actuarially determined contributions	<u>2,052,570</u>	<u>1,904,000</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 68,419,004	\$ 63,455,261	
Contributions as a percentage of covered payroll	3.00%	3.00%	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 1,880,985	\$ 1,868,154	\$ 1,849,348
Contribution in relation to the actuarially determined contributions	<u>1,880,985</u>	<u>1,868,154</u>	<u>1,849,348</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 62,699,512	\$ 62,271,800	\$ 61,644,933
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2022

Last 10 Years \*

	2022		2021			
Contractually required contribution (actuarially determined)	\$	-	\$	-		
Contribution in relation to the actuarially determined contributions		-		-		
Contribution deficiency (excess)	\$	-	\$	-		
Covered payroll	\$	68,419,004	\$	63,455,261		
Contributions as a percentage of covered payroll		0.00%		0.00%		
	2020		2019		2018	
Contractually required contribution (actuarially determined)	\$	-	\$	-	\$	-
Contribution in relation to the actuarially determined contributions		-		-		-
Contribution deficiency (excess)	\$	-	\$	-	\$	-
Covered payroll	\$	62,699,512	\$	62,271,800	\$	61,644,933
Contributions as a percentage of covered payroll		0.00%		0.00%		0.00%

\* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

#### CERS PENSION

*Changes of benefit terms.* There were no changes in benefit terms for 2015 through 2022.

*Changes of assumptions (as of June 30 of the year measurement date):*

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 & 2021 – No changes.



**HARDIN COUNTY SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

**CERS OPEB**

*Changes of benefit terms.* There were no changes in benefit terms for 2018 to 2022.

*Changes of assumptions (as of June 30 of the year measurement date):*

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

2018 – No changes

2019 – The discount rate was changed from 5.85% to 5.68%. Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 – The discount rate was changed from 5.68% to 5.34%.

2021 – The discount rate was changed from 5.34% to 5.20%. The municipal bond rate was changed from 2.45% to 1.92%.

## HARDIN COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

#### TRS PENSION

*Changes of benefit terms.* There were no changes in benefit terms for 2015 through 2022.

*Changes of assumptions (as of June 30 of the year measurement date):*

2014 – In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

2015 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%. In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

2016 – The Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

2017 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

2018 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

2019 and 2020 – No changes

2021 – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%

**HARDIN COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2022**

**TRS OPEB**

*Changes of benefit terms.*

2018 – MIF – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

LIF – No changes

2019, 2020, 2021 and 2022 – No changes for MIF or LIF

*Changes of assumptions (as of June 30 of the year measurement date):*

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

2020 – MIF updated the health care trend rates. No changes for the LIF

2021 – MIF and LIF – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the MIF and .50% for the LIF to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%

**SUPPLEMENTARY INFORMATION**

**HARDIN COUNTY SCHOOL DISTRICT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 662,561	\$ 1,293,435	\$ -	\$ 374,637	\$ 293,041	\$ 2,623,674
<b>Total Assets</b>	<b>\$ 662,561</b>	<b>\$ 1,293,435</b>	<b>\$ -</b>	<b>\$ 374,637</b>	<b>\$ 293,041</b>	<b>\$ 2,623,674</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 28,017	\$ -	\$ -	\$ -	\$ -	\$ 28,017
<b>Total Liabilities</b>	28,017	-	-	-	-	28,017
<b>Fund Balances</b>						
Restricted	634,544	1,293,435	-	374,637	293,041	2,595,657
<b>Total Fund Balances</b>	634,544	1,293,435	-	374,637	293,041	2,595,657
<b>Total Liabilities and Fund Balances</b>	<b>\$ 662,561</b>	<b>\$ 1,293,435</b>	<b>\$ -</b>	<b>\$ 374,637</b>	<b>\$ 293,041</b>	<b>\$ 2,623,674</b>

**HARDIN COUNTY SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>						
From local sources:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 11,353,668	\$ -	\$ 11,353,668
Earnings on investments					3,959	3,959
Other local revenue	341,602	1,754,274				2,095,876
Intergovernmental - State			1,343,974	5,334,401	1,178,017	7,856,392
<b>Total Revenues</b>	<b>341,602</b>	<b>1,754,274</b>	<b>1,343,974</b>	<b>16,688,069</b>	<b>1,181,976</b>	<b>21,309,895</b>
<b>Expenditures</b>						
Instruction	317,650	1,453,947				1,771,597
Support services:						
Student	123	3,078				3,201
Instruction staff	87,199	4,389				91,588
Plant operation and maintenance	13,993					13,993
Student transportation	192	18,436				18,628
Other		69,706				69,706
Bond issue costs					155,360	155,360
Debt service:						
Principal					8,820,000	8,820,000
Interest					5,782,511	5,782,511
<b>Total Expenditures</b>	<b>419,157</b>	<b>1,549,556</b>	<b>-</b>	<b>-</b>	<b>14,757,871</b>	<b>16,726,584</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(77,555)</b>	<b>204,718</b>	<b>1,343,974</b>	<b>16,688,069</b>	<b>(13,575,895)</b>	<b>4,583,311</b>
<b>Other Financing Sources (Uses)</b>						
Refunding bond proceeds					14,620,000	14,620,000
Bond premium					283,889	283,889
Payment to refunded bond escrow agent					(14,745,312)	(14,745,312)
Transfers in	97,605	334			13,422,861	13,520,800
Transfers out		(96,939)	(1,343,974)	(16,391,741)		(17,832,654)
<b>Total Other Financing Sources (Uses)</b>	<b>97,605</b>	<b>(96,605)</b>	<b>(1,343,974)</b>	<b>(16,391,741)</b>	<b>13,581,438</b>	<b>(4,153,277)</b>
<b>Net Change in Fund Balances</b>	<b>20,050</b>	<b>108,113</b>	<b>-</b>	<b>296,328</b>	<b>5,543</b>	<b>430,034</b>
<b>Fund balance, July 1, 2021</b>	<b>614,494</b>	<b>1,185,322</b>	<b>-</b>	<b>78,309</b>	<b>287,498</b>	<b>2,165,623</b>
<b>Fund balance, June 30, 2022</b>	<b>\$ 634,544</b>	<b>\$ 1,293,435</b>	<b>\$ -</b>	<b>\$ 374,637</b>	<b>\$ 293,041</b>	<b>\$ 2,595,657</b>

**HARDIN COUNTY SCHOOL DISTRICT**

**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS  
- ENTERPRISE FUNDS**

June 30, 2022

	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash, cash equivalents and investments	\$ 12,102	\$ 36,053	\$ 48,155
Accounts receivable	3,109	2,986	6,095
<b>Total Current Assets</b>	<b>15,211</b>	<b>39,039</b>	<b>54,250</b>
<b>Deferred Outflows of Resources</b>			
CERS Pension		118	118
CERS OPEB		122	122
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>240</b>	<b>240</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	240	1,447	1,687
<b>Total Current Liabilities</b>	<b>240</b>	<b>1,447</b>	<b>1,687</b>
<b><u>Noncurrent Liabilities</u></b>			
Net pension liability - CERS		699	699
Net OPEB liability - CERS		210	210
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>909</b>	<b>909</b>
<b>Total Liabilities</b>	<b>240</b>	<b>2,356</b>	<b>2,596</b>
<b>Deferred Inflows of Resources</b>			
CERS Pension		156	156
CERS OPEB		118	118
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>274</b>	<b>274</b>
<b><u>Net Position</u></b>			
Unrestricted	14,971	36,649	51,620
<b>Total Net Position</b>	<b>\$ 14,971</b>	<b>\$ 36,649</b>	<b>\$ 51,620</b>

## HARDIN COUNTY SCHOOL DISTRICT

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS

Year Ended June 30, 2022

	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>			
Tuition and fees	\$ 32,573	\$ 78,282	\$ 110,855
<b>Total Operating Revenues</b>	32,573	78,282	110,855
<b>Operating Expenses</b>			
Salaries and wages		(79,878)	(79,878)
Materials and supplies	25,223	16,748	41,971
Other operating expenses	1,623	24,013	25,636
<b>Total Operating Expenses</b>	26,846	(39,117)	(12,271)
Operating income	5,727	117,399	123,126
<b>Non-Operating Revenues</b>			
State on-behalf payments		2,776	2,776
<b>Total Non-Operating Revenues</b>	-	2,776	2,776
<b>Change in net position</b>	5,727	120,175	125,902
<b>Net Position, July 1, 2021</b>	9,244	(83,526)	(74,282)
<b>Net Position, June 30, 2022</b>	\$ 14,971	\$ 36,649	\$ 51,620



**HARDIN COUNTY SCHOOL DISTRICT**

**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS**

Year Ended June 30, 2022

	Early College and Career Center	Educational Television	Total Other Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Tuition and fees	\$ 32,573	\$ 79,590	\$ 112,163
Cash paid to/for:			
Employees		(6,893)	(6,893)
Supplies	(25,223)	(16,015)	(41,238)
Other activities	(3,869)	(24,013)	(27,882)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>3,481</u>	<u>32,669</u>	<u>36,150</u>
Net change in cash and cash equivalents	3,481	32,669	36,150
<b>Balances, beginning of year</b>	<u>8,620</u>	<u>3,385</u>	<u>12,005</u>
<b>Balances, end of year</b>	<u>\$ 12,101</u>	<u>\$ 36,054</u>	<u>\$ 48,155</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 5,727	\$ 117,399	\$ 123,126
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
State on-behalf payments		2,776	2,776
GASB 68 pension expense		(70,107)	(70,107)
GASB 75 OPEB expense		(19,440)	(19,440)
Change in assets and liabilities:			
Accounts receivable	(2,246)	1,308	(938)
Accounts payable		733	733
<b>Net cash provided (used) by operating activities</b>	<u>\$ 3,481</u>	<u>\$ 32,669</u>	<u>\$ 36,150</u>
<b>Schedule of non-cash transactions:</b>			
State on-behalf payments	<u>\$ -</u>	<u>\$ 2,776</u>	<u>\$ 2,776</u>
CERS Pensions	<u>\$ -</u>	<u>\$ (70,107)</u>	<u>\$ (70,107)</u>
CERS OPEB	<u>\$ -</u>	<u>\$ (19,440)</u>	<u>\$ (19,440)</u>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2022

SCHOOL	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
Bluegrass Middle School	\$ 19,446	\$ 85,908	\$ 71,513	\$ 33,841	\$ -	\$ -	\$ 33,841
Cecilia Valley Elementary	25,037	7,522	10,537	22,022	-	-	22,022
Central Hardin High	205,295	528,051	518,320	215,026	-	-	215,026
College View	1,630	183	-	1,813	-	-	1,813
Creekside Elementary	13,154	20,763	20,679	13,238	-	-	13,238
Early College and Career Center	5,247	12,723	14,685	3,285	-	-	3,285
East Hardin Middle	93,861	127,465	123,845	97,481	-	-	97,481
G.C. Burkhead Elementary	31,391	11,957	13,812	29,536	-	-	29,536
Heartland Elementary	22,435	13,991	15,517	20,909	-	-	20,909
J.T. Alton Middle	70,285	81,318	47,371	104,232	-	-	104,232
John Hardin High	162,720	230,469	222,660	170,529	-	-	170,529
Lakewood Elementary	5,597	8,874	9,930	4,541	-	-	4,541
Lincoln Trail Elementary	28,970	10,254	13,502	25,722	-	-	25,722
Meadowview Elementary	9,826	19,830	20,693	8,963	-	-	8,963
New Highland Elementary	12,925	860	2,677	11,108	-	-	11,108
North Hardin High	344,381	681,380	637,894	387,867	-	-	387,867
North Middle	19,274	35,958	35,307	19,925	-	-	19,925
North Park Elementary	8,323	2,839	4,119	7,043	-	-	7,043
Radcliff Elementary	24,068	24,384	21,309	27,143	-	-	27,143
Rineyville Elementary	6,476	17,308	20,349	3,435	-	-	3,435
Vine Grove Elementary	26,525	19,713	19,756	26,482	-	-	26,482
West Hardin Middle	39,781	40,049	27,579	52,251	-	-	52,251
Woodland Elementary	9,007	22	1,986	7,043	-	-	7,043
Sub Total	\$ 1,185,654	\$ 1,981,821	\$ 1,874,040	\$ 1,293,435	\$ -	\$ -	\$ 1,293,435
Transfers to other funds							
Interfund Transfers	-	(227,547)	(227,547)	-	-	-	-
	<u>\$ 1,185,654</u>	<u>\$ 1,754,274</u>	<u>\$ 1,646,493</u>	<u>\$ 1,293,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,293,435</u>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2021			BALANCES June 30, 2022	AND DUE FROM OTHER FUNDS June 30, 2022	PAYABLE AND DUE TO OTHER FUNDS June 30, 2022	STUDENT GROUPS June 30, 2022
Academic Team	\$ -	\$ 5,779	\$ 4,487	\$ 1,292	\$ -	\$ -	\$ 1,292
Agriculture Department	40	1,962	2,002	-	-	-	-
Archery	2,708	8,074	7,656	3,126	-	-	3,126
Art Club	7	370	161	216	-	-	216
Art Department	52	-	-	52	-	-	52
Arts & Humanities	273	-	-	273	-	-	273
Athletic Concession	10	13,559	13,569	-	-	-	-
Athletics	19,035	29,933	31,181	17,787	-	-	17,787
Band	225	3,144	3,369	-	-	-	-
Baseball	2,609	8,730	6,627	4,712	-	-	4,712
Basketball-Boys	3,339	17,654	14,846	6,147	-	-	6,147
Basketball-Girls	112	12,223	11,490	845	-	-	845
Bass Fishing	353	4,813	5,166	-	-	-	-
BETA Club	2,224	23,428	20,234	5,418	-	-	5,418
Bowling	-	1,542	1,499	43	-	-	43
Business Department	4,362	34,874	37,497	1,739	-	-	1,739
Cheerleading	5,414	46,053	51,095	372	-	-	372
Choir	1,197	2,300	2,127	1,370	-	-	1,370
Cross Country	8,783	28,566	26,065	11,284	-	-	11,284
Dance Club	1,600	-	-	1,600	-	-	1,600
Drama Club	1,962	5,812	3,441	4,333	-	-	4,333
Earth Club	287	-	-	287	-	-	287
Educators Rising	19	30	-	49	-	-	49
English Department	1,186	27	27	1,186	-	-	1,186
Faculty Flower Fund	80	323	150	253	-	-	253
Faculty Fund	2,751	765	755	2,761	-	-	2,761
FBLA	196	-	60	136	-	-	136
FCA	233	172	254	151	-	-	151
FCCLA	664	2,951	2,685	930	-	-	930
FCS	148	-	-	148	-	-	148
FFA	812	38,461	37,852	1,421	-	-	1,421
FMD	194	69	69	194	-	-	194
Football	4,687	27,162	25,752	6,097	-	-	6,097
French Club	188	65	88	165	-	-	165
Friends of Rachel	2,604	-	-	2,604	-	-	2,604
Fund 22 Sweep	-	35,112	35,112	-	-	-	-
Game Club	151	160	151	160	-	-	160
General Student Fund	98,073	62,272	69,629	90,716	-	-	90,716
German Club	338	810	761	387	-	-	387
Golf	1,744	1,419	1,687	1,476	-	-	1,476
Grade 12	-	14,229	14,229	-	-	-	-
Guidance	-	9,429	6,437	2,992	-	-	2,992
H O S A	10	-	-	10	-	-	10
Journalism	2,025	1,715	2,805	935	-	-	935
JROTC	10,190	8,190	11,758	6,622	-	-	6,622
Library/Media Center	-	1,620	1,620	-	-	-	-
Project Graduation	470	11,930	12,218	182	-	-	182
Scholarship Fund	3	2,254	2,250	7	-	-	7
Science Department	971	-	25	946	-	-	946
Science Honor Society	379	-	200	179	-	-	179

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	ACCOUNTS	ACCOUNTS	DUE TO
	BALANCES July 1, 2021			BALANCES June 30, 2022	RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2022	PAYABLE AND DUE TO OTHER FUNDS June 30, 2022	STUDENT GROUPS June 30, 2022
Soccer-Boys	-	11,619	10,545	1,074	-	-	1,074
Soccer-Girls	-	4,771	4,161	610	-	-	610
Social Studies Dept.	1,472	-	-	1,472	-	-	1,472
Softball	2,442	6,225	6,667	2,000	-	-	2,000
Spanish Club	385	-	-	385	-	-	385
Speech	1	900	661	240	-	-	240
Startup	-	2,000	2,000	-	-	-	-
Student Council	3,797	778	1,693	2,882	-	-	2,882
Swim Team	1,732	262	1,576	418	-	-	418
Teenage Republicans	27	-	-	27	-	-	27
Tennis	2,848	11,484	9,030	5,302	-	-	5,302
Track	1,175	12,602	11,427	2,350	-	-	2,350
Tri-M Music Honor Society	10	-	-	10	-	-	10
TSA Club	1,984	460	1,192	1,252	-	-	1,252
Varsity Club	906	460	590	776	-	-	776
Volleyball	276	18,696	15,910	3,062	-	-	3,062
Wrestling	2,473	6,747	8,858	362	-	-	362
Y Club	760	6,599	7,098	261	-	-	261
Yearbooks	1,339	9,625	807	10,157	-	-	10,157
Yoga Club	317	-	-	317	-	-	317
Young Democrats	98	125	-	223	-	-	223
Charitable Gaming	545	10,900	11,202	243	-	-	243
Sub Total	205,295	572,234	562,503	215,026	-	-	215,026
Interfund Transfers	-	(44,183)	(44,183)	-	-	-	-
TOTAL	<u>\$ 205,295</u>	<u>\$ 528,051</u>	<u>\$ 518,320</u>	<u>\$ 215,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,026</u>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2021			BALANCES June 30, 2022	AND DUE FROM OTHER FUNDS June 30, 2022	PAYABLE AND DUE TO OTHER FUNDS June 30, 2022	STUDENT GROUPS June 30, 2022
Academic Team	\$ 472	\$ -	\$ 191	\$ 281	\$ -	\$ -	\$ 281
Agriculture Department	393	-	-	393	-	-	393
Archery	31,704	22,516	17,115	37,105	-	-	37,105
Art Department	535	-	131	404	-	-	404
Athletic Concession	2,318	19,373	21,691	-	-	-	-
Athletics	3,701	65	1,767	1,999	-	-	1,999
AP Exams	-	2,041	2,040	1	-	-	1
Band	240	700	624	316	-	-	316
Baseball	2,289	6,527	7,167	1,649	-	-	1,649
Basketball - Boys	12,078	30,240	30,364	11,954	-	-	11,954
Basketball - Girls	2,570	9,528	8,104	3,994	-	-	3,994
Beta	2,303	6,176	7,270	1,209	-	-	1,209
Bowling	1,874	1,015	944	1,945	-	-	1,945
Charitable Causes	-	300	-	300	-	-	300
Cheerleading	542	8,170	5,296	3,416	-	-	3,416
Choral	489	-	-	489	-	-	489
Criminal Justice Scholars	-	5,000	1,000	4,000	-	-	4,000
Cross Country	5,530	18,012	17,713	5,829	-	-	5,829
Deca	2	22,940	22,942	-	-	-	-
Drama Club	21	-	-	21	-	-	21
English Department	286	-	-	286	-	-	286
Euro Trip	157	-	-	157	-	-	157
Faculty Flower Fund	293	-	275	18	-	-	18
Faculty Fund	695	1,104	509	1,290	-	-	1,290
FCA	-	-	-	-	-	-	-
FCCLA	2,299	4,812	4,826	2,285	-	-	2,285
FCS	1,048	349	-	1,397	-	-	1,397
FFA	7,639	8,546	15,166	1,019	-	-	1,019
Football	246	16,127	6,244	10,129	-	-	10,129
Foreign Language Dept.	108	-	-	108	-	-	108
Fund 22 Sweep	-	5,350	5,350	-	-	-	-
Gaming Club	-	160	140	20	-	-	20
General Student Fund	5,702	5,309	5,162	5,849	-	-	5,849
Golf	2,368	-	-	2,368	-	-	2,368
Grade 9	297	-	297	-	-	-	-
Grade 10	111	477	119	469	-	-	469
Grade 11	2,884	-	2,772	112	-	-	112
Grade 12	1,037	11,568	9,324	3,281	-	-	3,281
Guidance	-	1,008	324	684	-	-	684
Journalism	135	-	-	135	-	-	135
JROTC	14,028	2,400	5,031	11,397	-	-	11,397
Kat & Jacob Scholarship	426	-	-	426	-	-	426
Library/Media Center	3,705	-	1,572	2,133	-	-	2,133
McCurry Classic	8,772	-	-	8,772	-	-	8,772
Musicals	2,914	1,828	2,176	2,566	-	-	2,566
Pep Club	365	-	-	365	-	-	365
Project Graduation	287	8,900	7,980	1,207	-	-	1,207
SADD Club	1,005	536	1,236	305	-	-	305
Science Department	3,112	-	-	3,112	-	-	3,112
Soccer - Boys	74	5,237	2,390	2,921	-	-	2,921
Soccer - Girls	250	4,094	3,793	551	-	-	551
Softball	5,137	3,770	8,907	-	-	-	-
Special Education Dept.	2,089	-	122	1,967	-	-	1,967
Student Council	260	3,355	1,763	1,852	-	-	1,852
Swimming - CHHS	116	1,661	1,777	-	-	-	-
Swimming - JHHS	1,890	-	237	1,653	-	-	1,653
Swimming - NHHS	1,258	455	1,361	352	-	-	352
Tennis	226	1,590	1,215	601	-	-	601
Track	9,133	3,485	3,567	9,051	-	-	9,051

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2022	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
TSA Club	485	3,738	4,223	-	-	-	-
Volleyball	4,275	-	-	4,275	-	-	4,275
Wrestling	32	2,252	2,284	-	-	-	-
Y Club	377	-	101	276	-	-	276
Yearbooks	10,138	1,772	75	11,835	-	-	11,835
Sub Total	162,720	252,486	244,677	170,529	-	-	170,529
Interfund Transfers	-	(22,017)	(22,017)	-	-	-	-
<b>TOTAL</b>	<b>\$ 162,720</b>	<b>\$ 230,469</b>	<b>\$ 222,660</b>	<b>\$ 170,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,529</b>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES AND DUE FROM OTHER FUNDS	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS	DUE TO STUDENT GROUPS
	BALANCES July 1, 2021	RECEIPTS		BALANCES June 30, 2022	June 30, 2022			
General Student Fund	\$ 2,333	\$ 4,702	\$ 2,378	\$ 4,657	\$ -	\$ -	\$ 4,657	
Athletic Contingency	599	39,512	37,327	2,784	-	-	2,784	
Athletic Uniforms	26,761	25,588	13,813	38,536	-	-	38,536	
Athletics	14,545	13,437	9,879	18,103	-	-	18,103	
Archery	2,451	5,404	1,905	5,950	-	-	5,950	
Bass Fishing	-	1,300	200	1,100	-	-	1,100	
Bowling	1,832	2,258	1,622	2,468	-	-	2,468	
Baseball	5,360	8,771	12,004	2,127	-	-	2,127	
Boys Basketball	9,599	27,405	20,004	17,000	-	-	17,000	
Girls Basketball	8,664	17,584	10,263	15,985	-	-	15,985	
Cheerleading	6,198	29,850	32,347	3,701	-	-	3,701	
Cross Country/Boys	12,098	8,462	11,150	9,410	-	-	9,410	
Cross Country/Girls	5,622	2,945	3,458	5,109	-	-	5,109	
Dance Team	7,551	1,575	1,229	7,897	-	-	7,897	
Football	5,768	31,934	25,350	12,352	-	-	12,352	
Golf-Boys	673	4,490	2,875	2,288	-	-	2,288	
Golf-Girls	-	4,862	4,862	-	-	-	-	
Soccer/Boys	12,813	16,525	14,938	14,400	-	-	14,400	
Soccer/Girls	6,436	16,631	14,127	8,940	-	-	8,940	
Softball	7,287	7,753	5,268	9,772	-	-	9,772	
Swimming	3,647	1,550	95	5,102	-	-	5,102	
Tennis	3,777	1,830	1,048	4,559	-	-	4,559	
Track/Boys	6,279	8,592	6,252	8,619	-	-	8,619	
Track/Girls	2,261	8,917	5,857	5,321	-	-	5,321	
Volleyball	7,462	6,445	6,328	7,579	-	-	7,579	
Wrestling	2,360	12,814	13,128	2,046	-	-	2,046	
Academic Team	3,053	777	912	2,918	-	-	2,918	
Band	9,746	15,500	18,177	7,069	-	-	7,069	
Agriculture Department	7,244	4,662	2,899	9,007	-	-	9,007	
Art Department	32	-	-	32	-	-	32	
Business Education Dept.	189	-	-	189	-	-	189	
Choral	10,519	15,189	12,524	13,184	-	-	13,184	
Guidance	3,572	386	1,150	2,808	-	-	2,808	
English Department	720	-	-	720	-	-	720	
FCS	349	-	-	349	-	-	349	
Foreign Language Department	25	-	-	25	-	-	25	
Special Education Dept.	481	4,229	2,529	2,181	-	-	2,181	
Grade 9	1,975	1,516	1,610	1,881	-	-	1,881	
Grade 10	2,333	775	50	3,058	-	-	3,058	
Grade 11	3,322	775	8	4,089	-	-	4,089	
Grade 12	1,788	14,393	9,346	6,835	-	-	6,835	
Journalism	35	-	-	35	-	-	35	
JROTC	12,899	12,035	15,138	9,796	-	-	9,796	
Library/Media Center	418	352	16	754	-	-	754	
Math Department	4,377	-	-	4,377	-	-	4,377	
P E Dept	1	-	-	1	-	-	1	
Science Department	836	-	-	836	-	-	836	
Speech/Debate	150	40	-	190	-	-	190	
Yearbook	11,386	5,400	2,087	14,699	-	-	14,699	
Student Support Services	4,952	1,806	2,224	4,534	-	-	4,534	
Art Club	1,074	748	746	1,076	-	-	1,076	
Beta Club	1,879	17,776	19,655	-	-	-	-	
DECA	2,391	15,204	12,796	4,799	-	-	4,799	
Drama Club	2,012	1,184	654	2,542	-	-	2,542	
FBLA	2,978	775	-	3,753	-	-	3,753	
FCA	336	-	-	336	-	-	336	
FCCLA	4,945	4,750	6,107	3,588	-	-	3,588	
FFA	9,210	6,440	9,548	6,102	-	-	6,102	
Gaming Club	474	-	-	474	-	-	474	

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2021	RECEIPTS		BALANCES June 30, 2022	AND DUE FROM OTHER FUNDS June 30, 2022	PAYABLE AND DUE TO OTHER FUNDS June 30, 2022	STUDENT GROUPS June 30, 2022	
German Club	1,192	738	725	1,205	-	-	1,205	
Rachel's Challenge	1,913	1,880	2,279	1,514	-	-	1,514	
Japanese Club	325	388	-	713	-	-	713	
Pep Club	3,682	2,020	2,763	2,939	-	-	2,939	
Spanish Club	900	596	537	959	-	-	959	
Photography Club	2,304	387	-	2,691	-	-	2,691	
Student Council	2,704	1,210	626	3,288	-	-	3,288	
PBIS Club	2,700	1,163	308	3,555	-	-	3,555	
Science Club	1,774	388	-	2,162	-	-	2,162	
TSA Club	46	-	-	46	-	-	46	
STLP	3,763	1,647	812	4,598	-	-	4,598	
Represent Us	60	-	-	60	-	-	60	
Y Club	3,215	10,177	10,018	3,374	-	-	3,374	
Charitable Causes	-	932	932	-	-	-	-	
JROTC Can Food Drive	1,248	1,211	1,726	733	-	-	733	
Postage	2,288	-	-	2,288	-	-	2,288	
Project Graduation	3,906	3,785	1,697	5,994	-	-	5,994	
Cameron Irwin Scholars	1,122	-	-	1,122	-	-	1,122	
Will Yates Scholarship	-	1,000	1,000	-	-	-	-	
National Guard Scholarship	693	-	-	693	-	-	693	
Phoutharansy Scholarship	-	1,500	1,500	-	-	-	-	
Textbooks	2,206	-	-	2,206	-	-	2,206	
Faculty Fund	1,191	3,528	423	4,296	-	-	4,296	
Faculty Flower Fund	439	445	489	395	-	-	395	
Climate Committee	1,647	1,843	2,219	1,271	-	-	1,271	
Trojan Stitchary	1,123	110	60	1,173	-	-	1,173	
Poster Maker	20	177	-	197	-	-	197	
Startup	-	1,000	1,000	-	-	-	-	
Fund 22	-	19,060	19,060	-	-	-	-	
NHHS Bingo	35,843	319,500	342,990	12,353	-	-	12,353	
Sub Total	344,381	810,533	767,047	387,867	-	-	387,867	
Interfund Transfers	-	(129,153)	(129,153)	-	-	-	-	
<b>TOTAL</b>	<b>\$ 344,381</b>	<b>\$ 681,380</b>	<b>\$ 637,894</b>	<b>\$ 387,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 387,867</b>	



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Cash Assistance				
Passed Through State Department of Education				
National School Lunch Program	10.555	7750002-21 7750002-22		\$ 1,896,560 3,659,097
School Breakfast Program	10.553	7760005-21 7760005-22		574,388 2,105,081
Summer Food Service Program for Children	10.559	7690024-21 7690024-22		103,485 1,330,552
Child Nutrition Discretionary Grants	10.579	7740023-21 7840027-19 7840027-20		21,054 25,970 53,717
				<u>9,769,904</u>
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		<u>602,202</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>10,372,106</u>
Passed Through State Department of Education				
State Administrative Expenses for Child Nutrition	10.560	7700001-21		<u>10,809</u>
Child and Adult Care Food Program	10.558	7790021-21 7790021-22 7980000-21 7800016-21 7800016-22		16,254 741 5,352 89,470 4,361
				<u>116,178</u>
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Costs Grant	10.649	9990000-21		<u>5,814</u>
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>				<u>10,504,907</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
U. S. Army JROTC	12.000	Direct		<u>225,218</u>
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	Direct		<u>188,618</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>				<u>413,836</u>
<u>DEPARTMENT OF LABOR</u>				
Passed Through Kentucky Council on Postsecondary Education				
Workforce Innovation and Opportunity Act (WIOA)				
Disclocated Worker Program	17.278	WDC-22		<u>38,901</u>
<b>TOTAL DEPARTMENT OF LABOR</b>				<u>38,901</u>

**HARDIN COUNTY SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through State Department of Education				
Special Education Cluster (IDEA) -				
Special Education - Grants to States	84.027	3810002-19		127,450
		3810002-20		390,969
		3810002-21		2,778,201
COVID-19 Special Education - Grants to States		4910002-21		114,961
				<u>3,411,581</u>
Special Education - Preschool Grants	84.173	3800002-19		46,825
		3800002-20		100,050
		3800002-21		341
COVID-19 Special Education - Preschool Grants		3800002-19		95,850
				<u>243,066</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u><b>3,654,647</b></u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Impact Aid	84.041	Direct		66,496
Passed Through Kentucky Council on Postsecondary Education				
Adult Education - State Grant Program	84.002	KCPSE-21		(55)
		KCPSE-22		341,991
				<u>341,936</u>
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-19		5,537
		3100002-20		836,583
		3100002-21		3,105,297
		3100102-21		38,410
				<u>3,985,827</u>
Migrant Education - State Grant Program	84.011	3100002-20		23,457
		3100002-21		26,651
				<u>50,108</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-19		10,809
		3710002-20		49,120
		3710002-21		155,004
				<u>214,933</u>
Twenty-First Century Community Learning Centers	84.287	3400002-19		3,355
		3400002-19		122,794
		3400002-20		278,980
				<u>405,129</u>
English Language Acquisition Grants	84.365	3300002-20		27,528
		3300002-21		6,289
				<u>33,817</u>
Supporting Effective Instruction - State Grants	84.367	3230002-19		45,704
		3230002-20		294,079
		3230002-21		47,696
				<u>387,479</u>

**HARDIN COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
Student Support and Academic Enrichment Program	84.424	3420002-18 3420002-19 3420002-20 3420002-21		233 49,578 100,052 145,448 <hr/> 295,311
COVID-19 Education Stabilization Fund	84.425C 84.425D 84.425D 84.425D 84.425U 84.425U	GEER 4000002-20 4000002-21 4200003-21 4300002-21 4300005-21		57,759 14,354 8,351,917 401,088 2,523,453 12,153 <hr/> 11,360,724
Passed Through Kentucky Department of Juvenile Justice Title I State Agency Program for Neglected and Delinquent Children	84.013	DJJ-21 DJJ-22		471 29,500 <hr/> 29,971
TOTAL U.S. DEPARTMENT OF EDUCATION				<hr/> 20,826,378
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through State Department of Education Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001-19		<hr/> 1,300
Covid-19 Child Care Development Block Grant	93.575	KCHFSCC-21 KCHFSCC-22		501,018 1,235,074 <hr/> 1,736,092
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<hr/> 1,737,392
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 33,521,414</u>

The accompanying notes are an integral part of this schedule.

## **HARDIN COUNTY SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2022

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hardin County School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Hardin County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Hardin County School District.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

#### **NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

#### **NOTE D – INDIRECT COST RATE**

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**HARDIN COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

**Federal Awards:**

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

**Section I – Summary of Auditor’s Results - Continued**

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program or Cluster</u>
<b>DEPARTMENT OF EDUCATION</b>	
84.425C/84.425D/84.425U	Education Stabilization Fund

Dollar threshold used to distinguish  
Between type A and type B programs:                   \$ 1,005,642

Auditee qualified as low-risk auditee?                    yes    no

**Section II – Financial Statement Findings**

**No matters were reported.**

**Section III – Federal Award Findings and Questioned Costs**

**No matters were reported.**



**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**HARDIN COUNTY SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2022

There were no prior year findings.

**INDEPENDENT AUDITOR'S  
REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***



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Heartland CPAs and Advisors PLLC

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Hardin County School District  
Elizabethtown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Hardin County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hardin County School District's basic financial statements, and have issued our report thereon dated September 15, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hardin County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
September 15, 2022

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**



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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Hardin County School District  
Elizabethtown, Kentucky

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Hardin County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hardin County School District's major federal programs for the year ended June 30, 2022. Hardin County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hardin County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hardin County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hardin County School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hardin County School District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hardin County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hardin County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hardin County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hardin County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hardin County School District's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Heartland CPAs and Advisors, PLLC*

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
September 15, 2022